

FORD SMART MOBILITY U.K. LIMITED

Annual Report and Financial Statements

For the Year Ended 31 December 2019

Registered number: 11099683



FORD SMART MOBILITY U.K. LIMITED
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FORD SMART MOBILITY U.K. LIMITED STRATEGIC REPORT

Strategic Report for the year ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019 for Ford Smart Mobility U.K. Limited ("the Company").

The Company is a private company limited by shares, incorporated and domiciled in the United Kingdom.

Principal activities

The principal activities in which the Company is engaged are building mobility solutions for cities, citizens and commercial arrangements. We create and develop sustainable mobility solutions that allow people to move freely, safely and confidently.

Mobility is a business segment formed within Ford to design, build, scale and invest in emerging mobility services globally.

Review of the business

In 2019 the Company has been focusing on:

- Continuing the set up of an optimal business model in the region;
- Piloting, scaling and rolling out a range of Mobility services across B2C, B2G and B2B market channels.

The Company intends to keep piloting, scaling and rolling out these services in the foreseeable future.

Principal risks and uncertainties

The principal risk that could potentially affect the Company is withdrawal of funding of the parent (Ford Smart Mobility LLC) and non-acceptance of our products in the market.

The Directors have considered the financial position of the Company at 31 December 2019 (net assets of £(27,837,141)) and consider after making appropriate enquiries that the Company has adequate resources to continue in operational existence for the foreseeable future, and should therefore continue to adopt the going concern basis in preparing financial statements.

Key performance indicators

In this early period of operations, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Results

The Company's result for the year are set out in the Income Statement on page 10.

Employee communications

The Company had no directly contracted employees during the year, although receives services from other Ford related companies.

FORD SMART MOBILITY U.K. LIMITED STRATEGIC REPORT

Strategic Report for the year ended 31 December 2019

Equal opportunities and diversity

The Company's Diversity and Inclusion strategy is built on the belief that a key ingredient to business success is the diversity of our workforce, where differences are valued and everyone is included. Our approach therefore seeks to embrace all of the things that make each of us unique individuals.

The Company's Diversity Councils and the application of fair employment practices, ensures that all personnel is treated equitably regardless of gender, marital status, civil partnership status, parental status, race, ethnic origin, colour, nationality, national origin, disability, sexual orientation, religion/belief, gender reassignment and gender identity, age or those with caring responsibilities. In short, our diversity strategy seeks to create a culture in which everyone is able to contribute to the success of our business.

Health and Safety

Health and Safety of personnel remains a priority consideration within the Company. The staffing of the Company operations is through services provided by employees of other related entities, therefore Health and Safety policies are in line with Ford Motor Company Limited.

The Company has leveraged Ford Motor Company Limited's health and safety legal requirements, which has processes in place to minimise health and safety risks throughout the operation. This is achieved by ensuring that the Ford Motor Company Limited's health and safety management systems are consistent with UK health and safety executive guidance for managing health and safety. (HSE Document HSG65 refers)

Corporate social responsibility

"Contributing to a better world has always been a core value at Ford, and our commitment to sustainability is a key part of who we are. Our vision is to create an even more dynamic and vibrant company that improves people's lives around the world and creates value for all of our stakeholders."

William Clay Ford, Jr., Executive Chairman, Ford


Jim Farley, President and CEO, Ford

The Company has adopted the Ford Corporate Social responsibility mandate, which is demonstrated through a focus on vehicle safety and our commitment to the community. Our corporate safety policy outlines our commitment to design and build vehicles that meet or exceed applicable laws and regulations, while meeting the safety needs and expectations of our customers. In line with our policy letter, Ford is continuously working to enhance the safety of our products.

Our commitment to the community is built around the support and encouragement of various employee volunteering efforts, the backing and operating of the Ford Britain Trust and the on-going relationship and support of a range of charitable and altruistic activities.

We are committed to helping the community through the volunteering efforts and during Ford's Vibrant Volunteer Week and Global Caring Month of September hundreds of Ford UK employees have participated in community service projects in local community.

On behalf of the Board



Brett Wheatley

Director

12th October 2020

**FORD SMART MOBILITY U.K. LIMITED
DIRECTORS' REPORT**

Directors' Report for the year ended 31 December 2019

The Directors present their annual report and audited financial statements for the year ended 31 December 2019.

Directors

The Directors of the company who were in office during the year and up to the date of signing the financial statements were:

Clive Bailey*

Brett Wheatley

Jane Skerry**

* Clive Bailey was appointed director on 15th November 2019

** Jane Skerry was appointed director on 2nd September 2019

Peter Davies was a director up until 15th November 2019

Sarah-Jayne Williams was a director up until 11th September 2020

Qualifying indemnity provisions

Qualifying third party indemnity provisions are in force for the Company's directors as of the date of this report and were in force for the duration of the year.

Future Developments

The Company plans to gradually accelerate on its plan of generating sustainable revenues and profits in the long-term by bringing successful Mobility services to market. As the competitive landscape within the Mobility industry evolves and develops, the Company may consider broader strategic actions, for example entering into partnerships with third parties that provide complimentary assets and strengths, which the Company can leverage to achieve its growth objectives more effectively.

Financial Highlights

The company's loss before tax was £19,710,349.

Total assets at 31 December 2019 were £9,589,255 offset by total liabilities of £37,426,396. These include cash and cash equivalents of £3,080,048.

The company's share capital at the end of 2019 was £100. All shares are owned by Ford Smart Mobility LLC.

Dividends

The directors recommend that no dividend be paid in respect of 2019.

Political Donations

There were no contributions to political parties in 2019.

**FORD SMART MOBILITY U.K. LIMITED
DIRECTORS' REPORT**

Directors' Report for the year ended 31 December 2019

Financial Risk management

The Company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk and exchange rate risk. The Company has in place a risk management programme that sets out specific guidelines to manage these risks and the circumstances where it would be appropriate to use financial instruments to manage these.

Price risk

The Company may be exposed to commodity price risk as a result of its operations and is prepared to enter into arrangements with related parties to manage a portion of this risk. The Company holds no listed or other equity investments as part of its core business and therefore has no operational exposure.

Credit risk

The amount of exposure to any individual counterparty is subject to a limit, which is specified within individual agreements. There is a limited credit risk, as there has been no lending provided by the Company.

Liquidity risk

The directors can be satisfied that the balance of cash and short term debt is maintained, providing sufficient available funds for operations. The Directors have taken action to ensure appropriate cash resources are available to fund the Company's operations.

Exchange risk

The Company has only limited exposure to exchange rate risk through the purchased services it incurs.

Post Balance Sheet Events

On March 11, 2020, the World Health Organization characterized the outbreak of the coronavirus disease known as COVID-19 as a global pandemic and recommended containment and mitigation measures. Subsequently, there have been extraordinary and wide-ranging actions taken by public health and governmental authorities throughout the world to contain and combat the outbreak and spread of COVID-19, including quarantines, "stay-at-home" orders, and similar mandates to substantially restrict daily activities for individuals and to curtail or cease normal operations for many businesses.

As a result, in March 2020, Ford Smart Mobility U.K. Limited began requiring its employees, except those in business-critical roles, to work from home.

Although the potential magnitude and duration of the business and economic impacts from the unprecedented public health efforts to contain and combat the spread of COVID-19 are uncertain, this situation is expected to have a negative impact on the company's financial condition and results of operations in 2020 that may be material. The full impact, though, cannot be reasonably estimated at this time.

The company operates within the Ford Motor Company. To ensure sufficient cash reserves are maintained, Ford Motor Company took several actions including suspending the suspension of the regular quarterly dividend, as well as drawing supplemental revolving credit facilities of \$15.4 billion, and issuing an additional \$8 billion of unsecured debt.

Going Concern Basis

The directors consider, after making appropriate enquiries, that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company remains a key element of the Group's commercial strategy for the future and continues to have access to cash facilities within the wider Group to support its ongoing activities in developing sustainable mobility solutions. The directors are comfortable that support would be forthcoming from the Group, should an event occur where it should be required. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

**FORD SMART MOBILITY U.K. LIMITED
DIRECTORS' REPORT**

Directors' Report for the year ended 31 December 2019

Research and Development

The Company spent £3,941,220 on research and development in the accounting year ended 31 December 2019 as part of the on-going drive to develop mobility solutions.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for the financial period ended 31 December 2018. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

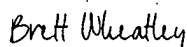
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP have expressed a willingness to remain as independent auditors of the Company.

On behalf of the Board



Brett Wheatley
Director
12th October 2020

Registered office:
Business Unit 2, Broadcast Centre, Here East,
Queen Elizabeth Olympic Park,
Stratford, London, England. E20 3BS

FORD SMART MOBILITY U.K. LIMITED
AUDITORS' REPORT

Independent auditors' report to the members of Ford Smart Mobility U.K. Limited

Report on the audit of the financial statements

Opinion

In our opinion, Ford Smart Mobility U.K. Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law);
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the income statement and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

FORD SMART MOBILITY U.K. LIMITED
AUDITORS' REPORT

Independent auditors' report to the members of Ford Smart Mobility U.K. Limited

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

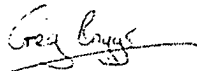
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Gregory Briggs (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
12th October 2020

FORD SMART MOBILITY U.K. LIMITED
INCOME STATEMENT

	Note	For the year ended 31 December 2019	For the period from 6 December 2017 to 31 December 2018
Revenue			
Revenue from contracts with customers	4	£ 636,418	£
Total revenues		<u>636,418</u>	
Cost of sales and other expenses			
Cost of sales		(336,302)	
Administrative and other expenses	5	<u>(19,685,833)</u>	<u>(14,507,497)</u>
Total costs and expenses		<u>(20,022,135)</u>	<u>(14,507,497)</u>
Interest expense and finance cost	6	<u>(324,632)</u>	<u>(59,105)</u>
Loss before income tax		<u>(19,710,349)</u>	<u>(14,566,602)</u>
Income tax benefit	7	<u>3,963,388</u>	<u>2,476,322</u>
Net Loss		<u>£ (15,746,961)</u>	<u>£ (12,090,280)</u>

Net Loss is equal to Total Comprehensive Loss.

The accompanying notes are part of the financial statements.

FORD SMART MOBILITY U.K. LIMITED
STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2019	December 31, 2018
ASSETS			
Cash and cash equivalents		£ 3,080,048	£ 2,880,256
Trade and Other Receivables	9	6,509,207	
Other assets			100
Total current assets		<u>9,589,255</u>	<u>2,880,356</u>
Deferred income taxes	7		2,476,322
Total non-current assets			<u>2,476,322</u>
Total assets		<u>£ 9,589,255</u>	<u>£ 5,356,678</u>
LIABILITIES			
Accounts payable	10	£ 37,426,396	£ 17,446,858
Total current liabilities		<u>37,426,396</u>	<u>17,446,858</u>
Total liabilities		<u>£ 37,426,396</u>	<u>£ 17,446,858</u>
EQUITY			
Called up share capital	11	£ 100	£ 100
Accumulated deficit		(27,837,241)	(12,090,280)
Total equity		<u>(27,837,141)</u>	<u>(12,090,180)</u>
Total liabilities and equity		<u>£ 9,589,255</u>	<u>£ 5,356,678</u>

The accompanying notes are part of the financial statements.

The financial statements on pages 11 to 20 were approved by the board of directors and were signed on its behalf by:

Brett Wheatley

Brett Wheatley
 Director
 12th October 2020

Clive Bailey

Clive Bailey
 Director
 12th October 2020

Registered number: 11099683

FORD SMART MOBILITY U.K. LIMITED
STATEMENT OF CHANGES IN EQUITY

	Called up Share Capital	Accumulated Deficit	Total
Issuance of Share Capital on incorporation on 6th December 2017 (100 Ordinary Shares of £1 each)	£ 100	£ -	£ 100
Loss and total comprehensive expense for the period	-	£ (12,090,280)	£ (12,090,280)
Balance at December 31, 2018	<u>£ 100</u>	<u>£ (12,090,280)</u>	<u>£ (12,090,180)</u>
Balance at January 1, 2019	£ 100	£ (12,090,280)	£ (12,090,180)
Loss and total comprehensive expense for the period	-	£ (15,746,961)	£ (15,746,961)
Balance at December 31, 2019	<u>£ 100</u>	<u>£ (27,837,241)</u>	<u>£ (27,837,141)</u>

The accompanying notes are part of the financial statements.

**FORD SMART MOBILITY U.K. LIMITED
NOTES TO THE FINANCIAL STATEMENTS**

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**FORD SMART MOBILITY U.K. LIMITED
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1. BACKGROUND AND BASIS OF PREPARATION

Background

Ford Smart Mobility U.K. Limited (or the "Company") was incorporated on 6 December 2017 and has its registered office at Business Unit 2, Broadcast Centre, Here East, Queen Elizabeth Olympic Park, Stratford, London, England, E20 3BS. Its business activities include building mobility solutions for cities, citizens and commercial arrangements.

Basis of Preparation

Statement of Compliance

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Copies of the ultimate holding company's financial statements can be obtained from the address outlined in Note 12.

The principal accounting policies applied in the preparation of the financial statements of the Company are set out in Note 2. These policies have been applied consistently to the period presented, unless otherwise stated.

Presentation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency. All financial information has been rounded to the nearest pound, except where otherwise indicated.

The statement of financial position differentiates between current and non-current assets and liabilities. Assets and liabilities are classified as current if they mature within one year.

The comparative period is not a year, but from the date of incorporation 6th Dec 2017 to 31st Dec 2018.

FRS 101

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 and 18A of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

**FORD SMART MOBILITY U.K. LIMITED
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Going Concern

The directors consider, after making appropriate enquiries, that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company remains a key element of the Group's commercial strategy for the future and continues to have access to cash facilities within the wider Group to support its ongoing activities in developing sustainable mobility solutions. The directors are comfortable that support would be forthcoming from the Group, should an event occur where it should be required. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Revenue Recognition

Revenue is recognized when obligations under the terms of a contract with our customer are satisfied; generally, this occurs with the transfer of control of our products and services. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. The transaction price is allocated to each performance obligation based on the relative standalone selling price at contract inception for each performance obligation. Sales, value add, and other taxes we collect concurrent with revenue-producing activities are excluded from revenue.

Cost of Sales and Selling, Administrative and Other Expenses

Cost of Sales and Selling, Administrative and other expenses are recognised in the period to which they relate. Research and Development costs include purchased services, wages and salaries, and contractors' expenses incurred to carry out discovery, research and incubating activities across a number of projects.

Trade and Other Receivables

Trade and other receivables are amounts due from related group undertakings for services provided, tax losses surrendered, or services performed in the ordinary course of business.

Financial Assets

With the adoption of IFRS 9 Financial Instruments, provisions for expected credit losses are established using an expected credit loss model (ECL). The provisions are based on a forward-looking ECL, which includes possible default events on the trade receivables including amounts owed by fellow group undertakings over the entire holding period of the trade receivables. These provisions represent the difference between the trade receivable's carrying amount in the Balance Sheet and the estimated collectible amount. Charges for doubtful trade receivables are recorded as administration costs. Management has assessed the impact of the adoption of IFRS 9 on the financial statements and they consider there to be no material impact.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income.

When a debtor is uncollectible, it is written off against the allowance account for debtors. Subsequent recoveries of amounts previously written off are credited against the Income Statement.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Income Statement.

When a debtor is uncollectible, it is written off against the allowance account for debtors. Subsequent recoveries of amounts previously written off are credited against the Income Statement.

Accounts Payable

Accounts payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently are carried at amortised cost using the effective interest method.

Foreign Currency Translation

Income statement transactions in foreign currency are translated into pounds sterling at rates ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rates ruling at the year end date. The effect of this remeasurement process are reported in *Administrative and other expenses*.

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, items recognised directly in equity, or items recognised in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

**FORD SMART MOBILITY U.K. LIMITED
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

Deferred tax is recognised for temporary differences that exist between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax the company has no uncertain tax positions to take into consideration.

A deferred tax asset is recognised for unused tax losses, tax credits, and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in local bank account available upon demand and are recognised at fair value.

FORD SMART MOBILITY U.K. LIMITED
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of financial statements in conformity with FRS 101 requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

We consider an accounting estimate to be significant if: 1) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and 2) changes in the estimate that are reasonably likely to occur from period to period, or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations.

There are other items within our financial statements that require estimation, but are not deemed critical as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements.

Income Taxes

Nature of Estimates Required. We must make estimates and apply judgment in determining the provision for income taxes for financial reporting purposes. We make these estimates and judgments primarily in the following areas: (i) the calculation of tax credits, and (ii) the calculation of differences in the timing of recognition of revenue and expense for tax and financial statement purposes that will ultimately be reported in tax returns. Changes in these estimates and judgments may result in a material increase or decrease to our tax provision, which would be recorded in the period in which the change occurs.

Assumptions and Approach Used. We are subject to the income tax laws and regulations of the local tax jurisdiction. We must assess the likelihood that we will be able to recover our deferred tax assets against future sources of taxable income. FRS 101 recognises deferred tax assets to the extent that it is more likely than not (defined as a likelihood of more than 50%) that sufficient taxable profits will be available to utilise the deductible temporary difference or unused tax losses.

Changes in our judgment regarding the ability to recover our deferred tax assets are reflected in our tax provision in the periods in which the changes occur.

Note 4: REVENUES

Amounts included in *Revenues* on our income statement were as follows:

	For the period ended 31 December	
	2019	Period from 6 December 2017 to 31 December 2018
Sales of mobility products and services	£ 636,418	£ -
Total revenues	£ 636,418	£ -

Revenue is recognized when obligations under the terms of a contract with our customer are satisfied; generally this occurs with the transfer of control of our products and services. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. The transaction price is allocated to each performance obligation based on the relative standalone selling price at contract inception for each performance obligation. Sales, value add, and other taxes we collect concurrent with revenue-producing activities are excluded from revenue.

FORD SMART MOBILITY U.K. LIMITED
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NOTE 5. TOTAL COST OF SALES AND SELLING, ADMINISTRATIVE AND OTHER EXPENSES

Amounts included in Total Cost of Sales and Selling, Administrative and other Expenses on our income statement were as follows:

	For the period ended 31 December	
	2019	Period from 6 December 2017 to 31 December 2018
Cost of sales	£ 336,302	£
Research and Development	3,941,220	7,822,122
Purchased services	945,123	1,439,678
Services from related companies	7,631,969	2,075,051
Office and overheads	5,146,192	1,842,924
Other administrative expenses	2,021,328	1,327,721
Total administrative and other expenses	<u>£ 20,022,135</u>	<u>£ 14,507,497</u>

Services from related companies included above:

	For the period ended 31 December	
	2019	Period from 6 December 2017 to 31 December 2018
Wages and salaries	£ 4,318,600	£ 1,711,330
Pension costs, net or recharges	1,303,524	363,721
	<u>£ 5,622,124</u>	<u>£ 2,075,051</u>

Research and Development cost includes purchased services, wages and salaries, and contractors' expenses incurred to carry out discovery, research and incubating activities across a number of projects.

Auditors' fees

Auditors' remuneration for the statutory audit of the company's annual financial statements was £20,000 (2018: £15,000). Non-audit services amounted to £nil (2018: £nil).

NOTE 6. INTEREST EXPENSE AND FINANCE COST

Amounts included in *Interest expense and finance cost*, on our income statement were as follows:

	For the period ended 31 December	
	2019	Period from 6 December 2017 to 31 December 2018
Interest expense	£ (324,632)	£ (59,105)
Total interest expense and finance cost	<u>£ (324,632)</u>	<u>£ (59,105)</u>

NOTE 7. INCOME TAX BENEFIT

The *Income tax benefit* on our income statement was estimated as follows:

	For the period ended 31 December	
	2019	Period from 6 December 2017 to 31 December 2018
Current		
Tax credit on losses	£ 6,439,710	£
Total current	6,439,710	
Deferred		
Recognition of net deferred tax assets		
Origination and reversal of temporary differences	£ (2,476,322)	£ 2,476,322
Changes in tax losses carried forward		
Changes in tax losses carried forward related to prior years		
Total deferred	<u>(2,476,322)</u>	<u>2,476,322</u>
Income tax benefit	<u>£ 3,963,388</u>	<u>£ 2,476,322</u>

The income tax credit is higher (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%) for the year ended 31 December 2019. The differences are explained below:

Trading losses of £33.8m have been surrendered to Ford VH Limited, hence an Income Tax Benefit is recognised.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. INCOME TAX BENEFIT (continued)

	For the period ended 31 December	
	2019	Period from 6 December 2017 to 31 December 2018
Loss on ordinary activities before taxation	£ (19,710,349)	£ (14,566,602)
Tax on loss on ordinary activities at standard Corporate Tax rate of 19%	3,744,966	2,767,654
Tax effects of:		
Disallowable Interest Expense	(61,680)	
Adjustments to deferred tax in respect of prior periods	(10,048)	
Rate difference between current and deferred tax	290,150	(291,332)
Income tax benefit for the period	<u>£ 3,963,388</u>	<u>£ 2,476,322</u>
Effective tax rate	20%	17%

In accordance with Finance Act 2016, the rate of corporation tax in the UK was expected to reduce from 19% to 17% with effect from 1 April 2020. However, Finance Act 2020, which was enacted on 22 July 2020, has increased the rate back up to 19% with effect from the same date. Future profits will therefore continue to be taxed at 19%.

The deferred tax amounts shown on the balance sheet at December 31 were as follows:

	For the period ended 31 December	
	2019	2018
Deferred tax assets	£	£ 2,476,322

NOTE 8. EMPLOYEE BENEFITS

There were no employees directly contracted during the year.

Emoluments of one Director amounted to £0.3m. This Director did not exercise share options during the year, and had an accumulated fund value at the end of the year of £0.05m under a defined contribution pension scheme.

The other Directors of the Company are remunerated by Ford Motor Company Limited and did not receive any emoluments in respect of their services to the Company.

NOTE 9. TRADE AND OTHER RECEIVABLES

Trade and other receivables are analysed as follows:

	For the period ended 31 December	
	2019	2018
Amounts Owed by Group Undertakings	£ 6,439,710	£
Other Receivables	69,497	
	<u>£ 6,509,207</u>	<u>£ 2,018</u>

Amounts owed by group undertakings are unsecured, bear interest at a variable rate which is capitalised monthly and are repayable on demand, and at the same value as held in the Statement of Financial Position.

FORD SMART MOBILITY U.K. LIMITED
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. ACCOUNTS PAYABLE

Accounts payable on our statement of financial position were as follows:

	For the period ended 31 December	
	2019	2018
Trade Payables	£ 1,188,059	£ 1,057,861
Amounts owed to group undertakings	36,238,337	16,388,997
Total	£ 37,426,396	£ 17,446,858

The amounts owed to group undertakings are unsecured and repayable on demand. £32,098,549 of the balance incurs interest at the rate equal to interbank rate plus the margin of 0.59%. The remaining balance is non-interest bearing.

NOTE 11. CALLED UP SHARE CAPITAL

	For the period ended 31 December	
	2019	2018
Shares called not paid	£	£ 100
Shares issued and fully paid	100	
100 (2018: 100) Ordinary Shares of £1 each	£ 100	£ 100

NOTE 12. CONTROLLING PARTIES

The Company's immediate holding company is Ford Smart Mobility LLC, a company incorporated in the State of Delaware in the USA. The ultimate holding company and controlling party is Ford Motor Company, a company incorporated in the State of Delaware in the USA, which is the holding undertaking of the smallest and largest group to consolidate these financial statements. Copies of the ultimate holding company's financial statements may be obtained from: Ford Motor Company, One American Road, Dearborn, Michigan 48126, USA.

NOTE 13. EVENTS SUBSEQUENT TO THE REPORTING DATE

On March 11, 2020, the World Health Organization characterized the outbreak of the coronavirus disease known as COVID-19 as a global pandemic and recommended containment and mitigation measures. Subsequently, there have been extraordinary and wide-ranging actions taken by public health and governmental authorities throughout the world to contain and combat the outbreak and spread of COVID-19, including quarantines, "stay-at-home" orders, and similar mandates to substantially restrict daily activities for individuals and to curtail or cease normal operations for many businesses.

As a result, in March 2020, Ford Smart Mobility U.K. Limited and its European affiliate companies began requiring its employees, except those in business-critical roles, to work from home.

Although the potential magnitude and duration of the business and economic impacts from the unprecedented public health efforts to contain and combat the spread of COVID-19 are uncertain, this situation is expected to have a negative impact on the company's financial condition and results of operations in 2020 that may be material. The full impact, though, cannot be reasonably estimated at this time.

COVID-19 is a non-adjusting event that has had no material adjustment to these financial statements.